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MINISTRY OF COMMERCE AND CONSUMER INDUSTRIES

NOTIFICATION

New Delhi, the 13th September 1956

S.R.O. 2044A.—Whereas in the opinion of the Central Government it is expedient so to do:

Now, therefore, in exercise of the powers conferred by sub-section (1) of Section 12 of the Forward Contracts (Regulation) Act, 1952, (74 of 1952), the Central Government hereby makes the following further amendments in the Bye-laws of the East India Cotton Association Ltd., Bombay, namely:—

In the said By-laws:—

(I) In By-law 1 for the existing definition of 'Hedge Contract', the following shall be substituted, namely:—

"Hedge contract" means a forward contract described in By-law 53.

(II) In By-law 47AA—

(1) In clause (2A) for sub-clauses (a) and (b) the following shall be substituted, namely:—

(a) at Rs. 50 per bale if the price of the Hedge Contract shall have risen above Rs. 25 below the ceiling price or fallen below Rs. 25 above the floor price, and

(b) at Rs. 35 per bale if the price of the Hedge Contract shall have risen above Rs. 50 below the ceiling price or fallen below Rs. 50 above the floor price."

(2) for clause (5) the following shall be substituted, namely:—

"(5) No deposit paid under this By-law shall carry any interest; such deposit shall not be repayable until the day following the due date of the contract;

provided that—

(i) if a member shall have subsequent to the payment of the deposit squared up or reduced his outstanding position, the deposit shall be repayable to the full extent or to the extent of such reduced position, as the case may be, after the second clearing subsequent to the date of squaring up or reducing of such position;

(ii) if the price of the Hedge Contract shall have continued to remain outside the level of Rs. 50 below the ceiling price or the level of Rs. 50 above the floor price for a continuous period of 4 weeks, the deposit shall be repayable at the end of such period of four weeks;

(iii) if the price of the Hedge Contract shall have continued to remain between the levels of Rs. 50 and Rs. 25 below the ceiling price, or Rs. 50 and Rs. 25 above the floor price for a continuous period of 4 weeks, the deposit paid in excess of Rs. 35 per bale shall be repayable at the end of such period of four weeks."

(III) In By-law 52B in sub-clause (c) of clause (V) for the word and figure "Rs. 6" the word and figure "Rs. 20" shall be substituted.

(IV) In By-law 52D for the words beginning with "an automatic Settlement Clearing shall take place" and ending with the words "on the basis of the closing rate" the following shall be substituted, namely:—

"An automatic Settlement Clearing in respect of both the Hedge Contracts shall take place on the second working day thereafter, on the basis of the closing rate of the respective Contracts."

(V) In By-law 136 for the words "Indian Cotton Contract" the words "Hedge Contract" shall be substituted.

(VI) In By-law 141 for the words "Indian Cotton Contract" the words "Hedge Contract" shall be substituted.

(VII) In By-law 148B in clause II for the words "Every member of the Association entitled to use the Clearing House" the words "Every member of the Association entitled to, but not making use of the Clearing House" shall be substituted.

(VIII) In Form 'A' in the Appendix for the words "Indian Cotton Contract" wherever they occur the words "Hedge Contract" shall be substituted.

(IX) In Form 'B' in the Appendix for the words "Indian Cotton Contract" wherever they occur the words "Hedge Contract" shall be substituted.

In pursuance of the proviso to sub-section (4) of section 12 of the Forward Contracts (Regulation) Act, 1952 (74 of 1952), the Central Government in the interest of trade dispenses with the condition of previous publication of the amendments aforesaid in the Gazette of India and the Bombay Government Gazette.

[No. F.42-Exp(17)/56.]

K. B. LALL, Jt. Secy.